

as high as twenty-two per cent, in iSSo.¹ These high dividends, however, marked a precarious situation, which was revealed by the sugar crisis of 1884. An inspector of finances sent from France reported that the capital of the bank was seriously impaired, and forbade the distribution of further dividends.² A new crisis in the sugar market in 1890, which carried quotations down from 60 to 36 francs per 100 kilos, and the crash of the *Credit Agricole*, with serious entanglements with the bank, finally reduced the latter to such a condition that the government came to its rescue by the decree of July 8, 1898, granting a subsidy of 1,500,000 francs. The suspension of dividends for five years and greater prudence in making loans gradually restored the bank to solvency, but it had a difficult problem in providing for the large volume of its notes piled up in the public Treasury in payment for exchange on France, which it was unable to redeem at the time of the crisis.³ The capital of the bank was reduced in 1899 to 3,000,000 francs, which is invested in French three per cents. The circulation on June 30, 1906, was 8,952,057 francs (\$1,727,000) and the cash reserve 3,023,498^francs (\$583,000).

The French island of New Caledonia, east of Australia, was dowered with a bank in 1871, which was at first connected with the development of large land enterprises. The inconvenience of this combination was soon recognized and the bank was given a separate entity by decree of July 14, 1874, with a capital of 4,000,000 francs and the name of Bank of New Caledonia. Even this step did not greatly prolong its life. Imprudent loans wiped out the capital and compelled suspension on October 16, 1877. In order to meet the dearth of currency, the government issued Treasury bonds to the amount of 1,500,000 francs, from five to one hundred francs in denomination, and in 1888 a branch of the Bank of Indo-China was established in the island.*

¹ Goumain-Cormille, 154.

* Denizet, 177.

¹ *j&conomiste Européen*, August 2, 1907, XXXII., 140.

⁴ Goumain-Cornille, 112-15.